

## **Attachment 11**

### **SUMMARY OF SIGNIFICANT FEDERAL FUNDING REQUIREMENTS**

#### **I. FEDERAL EHA EARLY INTERVENTION GRANT**

Children who are provided services with Federal EHA Early Intervention Grant funds must be in the birth to three years age range and meet either the developmental delay, high risk or atypical developmental eligibility categories established by the Commission for Mental Health, Developmental Disabilities and Substance Abuse Services for the Division's Individuals with Disabilities Education Act Part H service delivery plan. These definitions are referenced in 10 NCAC 14V .0802(c), (3) and (5). Funds may be utilized for any periodic or day/night service that is identified as needed in the Individualized Family Service Plan (IFSP). Under State and Federal early intervention legislation, case management, parent outpatient treatment, high-risk intervention (individual and group), respite, and transportation must be available for all children who meet the eligibility requirements. The other types of services are optional. Federal funds may not be used to supplant State, local or other Federal funds.

All recipients of Early Intervention Grant funds shall comply with the provisions of 34 CFR Part 303 "Early Intervention Program for Infants and Toddlers With Disabilities-, Final Rule". These rules were published in the Federal Register on July 30, 199-31, and have been previously distributed to Area Programs. Additional copies of the rules may be requested from the Division of MH/DD/SA Services.

#### **II. SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT (SAPTBG)**

A. In accordance with Section 1922 of the Public Health Service Act, the State shall expend SAPTBG funds as follows:

1. not less than 35% of the SAPTBG for prevention and treatment of activities regarding, alcohol; and
2. not less than 35% of the SAPTBG for prevention and treatment of activities related to other drugs; and
3. of the amounts noted above, not less than 20% of the SAPTBG for primary prevention activities as defined in the SAPTBG regulations.

B. Each Area Authority/County Program shall designate and expend no less than 20% (twenty percent) of the Area Authority/County Programs's total Substance Abuse Prevention and Treatment Block Grant (SAPTBG) funding for the provision of substance abuse primary prevention services, and shall maintain adequate fiscal and programmatic records of such expenditures and earnings for SAPTBG reporting purposes in accordance with the requirements of the SAPTBG as highlighted in this document.

The Division has established semi-annual reporting procedures to document utilization of SAPTBG funds on an Area Authority/County Programs basis as required above.

C. In accordance with the Substance Abuse Prevention and Treatment Block Grant regulations, 45 CFR Part 96, Subpart L, any program earning or expending these funds for substance abuse primary prevention services shall provide such services for individuals who do not require treatment for substance abuse in accordance with the definition and strategies for primary prevention programs outlined below and shall:

1. provide programs for individuals who do not require treatment for substance abuse;
2. educate and counsel the individuals on such abuse,
3. provide for activities to reduce the risk of such abuse by the individuals;
4. give priority to programs for populations that are at risk of developing a pattern of such abuse; and
5. ensure that programs receiving such priority develop community-based strategies for prevention of such abuse, including strategies to discourage the use of alcoholic beverages and tobacco products by individuals to whom it is unlawful to sell or distribute such beverages or products.

**The definition of Primary Prevention Programs is those programs and services that are directed at individuals who have not been determined to require treatment for substance abuse. Such programs are aimed at educating and counseling individuals on such abuse and providing for activities to reduce the risk of such abuse. Early Intervention activities which were previously counted as part of the SAPTBG 20% prevention set-aside may not any longer be counted towards the required 20% primary prevention set-aside in the new SAPTBG regulations, nor may primary prevention services include any activity designed to determine if a person is in need of treatment.**

Comprehensive primary prevention programs should give priority to target population sub-groups that are at risk of developing a pattern of substance abuse, Programs should include activities and services provided in a variety of settings, that address specific risk factors, and that may be broken down by age, race/ethnicity, gender, and other characteristics of the population being served. (SAMHSA, 45 CFR Part 96, March 3 , 1993 ).

D. Strategies for Primary Prevention include the following:

1. Information Dissemination: This strategy provides awareness and knowledge of the nature and extent of alcohol, tobacco, and drug use, abuse and addiction and their effects on individuals, families and communities. It also provides knowledge and awareness of available prevention programs and services. Information dissemination is characterized by one-way communication from the source to the audience, with limited contact between the two. Examples of activities conducted and methods used for this strategy include the following:

- a. Clearinghouse/information resource center(s);
  - b. Resource directories;
  - c. Media campaigns;
  - d. Brochures;
  - e. Radio/TV public service announcements;
  - f. Speaking engagements;
  - g. Health fairs and health promotion, e.g. conferences, meetings, seminars; and
  - h. Information lines/Hot lines.
2. Education: This strategy involves two-way communication and is distinguished from the Information Dissemination strategy by the fact that interaction between the educator/facilitator and the participants is the basis of its activities. Activities under this strategy aim to affect critical analysis (e.g. of media messages) and systematic judgment abilities. Examples of activities conducted and methods used for this strategy include the following:
- a. on going classroom and/or small group sessions (all ages);
  - b. Parenting and family management classes;
  - c. Peer leader/helper programs;
  - d. Education programs for youth groups;
  - e. Children of substance abusers groups;
  - f. Mentors; and
  - g. Preschool ATOD prevention programs.
3. Alternatives: This strategy provides for the participation of target populations in activities that exclude alcohol, tobacco and other drug use. The assumption is that constructive and healthy activities offset the attraction to, or otherwise meet the needs usually filled by alcohol, tobacco and other drugs and would, therefore, minimize or obviate resort to the latter. Examples of activities conducted and methods used for this strategy include the following:
- a. Drug free dances and parties;
  - b. Youth/adult leadership activities;
  - c. Community drop-in centers;
  - d. Community service activities;
  - e. Outward bound; and
  - f. Recreation activities.
4. Problem Identification and Referral: This strategy aims at the identification of those youth who have indulged in illegal/age inappropriate use of tobacco or alcohol and those individuals who have indulged in the first use of illicit drugs in order to assess if their behavior can be reversed through education. It should be noted, however, that this strategy does not include any activity designed to determine if a person is in need of treatment. Examples of activities conducted and methods include the following:

- a. Employee assistance programs;
    - b. Student Assistance Programs; and
    - c. Driving while under the influence/driving while intoxicated education programs.
  - 5. Community-Based Process: This strategy aims to enhance the ability of the community to more effectively provide prevention and treatment services for alcohol, tobacco and drug abuse disorders. Activities in this strategy include organizing, planning, enhancing efficiency and effectiveness of services implementation, inter-agency collaboration, coalition building and networking. Examples of activities conducted and methods used for this strategy include the following:
    - a. Community and volunteer training, e.g.. neighborhood action training, training of key people in the system (impactor training), staff/officials training;
    - b. Systematic planning;
    - c. Multi-agency coordination and collaboration;
    - d. Accessing services and funding; and
    - e. Community team-building.
  - 6. Environmental: This strategy establishes, or changes, written and unwritten community standards, codes, and attitudes, thereby influencing the incidence and prevalence of the abuse of alcohol, tobacco and other drugs used in the general population. This strategy is divided into two subcategories, permitting distinction between activities which center on legal and regulatory initiatives and those which relate to the service and action-oriented initiatives. Examples of activities conducted and methods used for this strategy include the following:
    - a. Promoting the establishment and review of alcohol, tobacco and drug use policies in schools;
    - b. Guidance and technical assistance to communities on monitoring, to maximize local enforcement procedures governing availability and distribution of alcohol, tobacco and other drug use;
    - c. Modifying alcohol and tobacco advertising practices; and
    - d. Product pricing strategies.
- E. In accordance with Section 1931 of the Public Health Service Act, SAPTBG funds shall not be utilized:
- 1. to provide inpatient hospital services except under certain conditions of medical necessity; and (Division note: refer to Section II H. below regarding the use of SAPTBG funds for inpatient services);
  - 2. to make cash payments to intended recipients of health services; and

- equipment;
3. to purchase, or improve, land; or purchase, construct, or permanently improve (other than minor remodeling) any building or other facility; or purchase major medical and
  4. to satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds; and
  5. to provide financial assistance to any entity other than a public or nonprofit private entity (Division note: it is, however, acceptable to use SAPTBG funds to purchase services from a private for-profit entity under a procurement contract); or
  6. to provide individuals with hypodermic needles or syringes so that such individuals may use illegal drugs.

F. In accordance with Section 1924 of P.L. 102-321, any program receiving SAPTBG set-aside funds for operating a program of treatment for women who are pregnant and who are abusing substances and women with dependent children shall:

1. Treat the family as a unit, admitting both women and their children into treatment services, as appropriate; and
  2. Provide or arrange for the provision of the following services to pregnant women and women with dependent children, including women who are attempting to regain custody of their children:
    - a. Primary medical care for women, including referral for prenatal care and, while the women are receiving such services, child care;
    - b. Primary pediatric care, including immunization, for their children;
    - c. Gender specific substance abuse treatment and other therapeutic interventions for women which may address issues of relationships, sexual and physical abuse and child care while the women are receiving these services;
    - d. Therapeutic interventions for children in custody of women in treatment which may, among other things, address their developmental needs, their issues of sexual and physical abuse, and neglect; and
    - e. Sufficient case management and transportation to ensure that women and their children have access to services provided to them as listed in items a.-d. above.
- parenting, and

G. In accordance with Section 1924 of P.L. 102-321, any program receiving SAPTBG funds for operating a program of treatment for substance abuse shall:

1. directly or through arrangements with other public or nonprofit entities, routinely make available tuberculosis (TB) services, as defined in Section 121 of 45 CFR Part 96, to each individual receiving treatment for substance abuse which include;
  - a. counseling, the individual with respect to tuberculosis; and
  - b. testing to determine whether the individual has been infected with mycobacteria tuberculosis to determine the appropriate form of treatment for the individual; and
  - c. providing for or referring the individuals infected by mycobacteria tuberculosis appropriate medical evaluation and treatment, and
2. if at treatment capacity, refer to another provider of TB services;
3. implement infection control procedures to be established by the State; and
4. conduct case management activities to ensure that individuals receive tuberculosis services.

H. In accordance with Section 1928 of P.L. 102-321, any program receiving SAPTBG funds for substance abuse treatment or prevention shall:

1. make continuing education in such services available to employees who provide the services or activities;
2. make every effort to improve the referral process for individuals to treatment facilities that can provide to the individuals the treatment most appropriate for the individuals and, when the Division establishes Statewide placement criteria, implement such criteria;
3. make every effort to coordinate prevention and treatment activities with the provision of other appropriate services (including health, social, correctional and criminal justice, educational, vocational rehabilitation and employment services); and
4. establish and maintain a system to protect consumer records from inappropriate disclosure that is in compliance with 42 CFR Part 2.

I. With respect to funding for services from Communicable Disease Risk Categorical Funds (previously entitled IV drug special categorical funds), shall continue to provide services as outlined in the specific proposal(s), including, any amendments, approved by the Division and comply with the following Federal requirements:

1. upon reaching 90 percent capacity, notify the Division within 7 days and participate in a Capacity Management Program (to be developed by the State); and

2. admit those who request and is in need of treatment for IV drug abuse not later than 14 days after making such request. If at capacity, admit within 120 days and begin to provide interim services as defined in Section 121 of 45 CFR Part 96 (\*) within 48 hours of seeking admission, and

(\*) interim services or interim substance abuse services means services that are provided until an individual is admitted to a substance abuse treatment program. The purposes of the services are to reduce the adverse health effects of such abuse, promote the health of the individual, and reduce the risk of transmission of disease. At a minimum, interim services include counseling and education about HIV and TB, about the risks of needle sharing, the risks of transmission to sexual partners and infants, and about steps that can be taken to ensure that HIV and TB transmission does not occur, as well as referral for HIV and TB treatment services if necessary. For pregnant women, interim services also include counseling on the effects of alcohol and drug use on the fetus, as well as referral for prenatal care.

3. Participate in a waiting list for the purpose of treating injecting drug abusers that includes a unique patient identifier including those receiving interim services; and management program established by the State and;
4. establish a mechanism for maintaining contact with individuals awaiting admission; and
5. carry out activities to encourage individuals in need of treatment to undergo such treatment by use of a scientifically sound outreach model to include:
  - a. selecting, training and supervising outreach workers;
  - b. contacting, communicating and following-up with high risk substance abusers, their associates, and neighborhood residents, within the constraints of Federal and State confidentiality requirements, including 42 CFR Part 2;
  - c. promoting awareness among injection drug abusers about the relationship between injecting drug, abuse and communicable diseases such as HIV;
  - d. recommend steps that can be taken to ensure that HIV transmission does not occur; and
  - e. encouraging entry into treatment.

- J. In accordance with Section 1927 of P.L. 102-321, any program receiving SAPTBG funds for substance abuse treatment or prevention shall:
1. give admission preference to those seeking treatment as follows:
    - a. pregnant injecting drug users;
    - b. pregnant substance abusers;
    - c. injection drug users; and
    - d. all others; and
  2. publicize the availability admission preference by the following means:
    - a. street outreach programs;
    - b. ongoing public service announcements [radio/television];
    - c. regular advertisements in local/regional print media;
    - d. posters placed in targeted areas; and
    - e. frequent notification of availability of such treatment distributed to the network of community based organizations, health care providers, and social service agencies; and
  3. in the event that the treatment facility has insufficient capacity to provide treatment services to pregnant women refer the woman to the State Capacity Management Program.

- K. In order to comply with the Federal restriction that SAPTBG funds not be used for inpatient services except for medical necessity, the Division will not reimburse Area Authority/County Programs for earnings through the provision of substance abuse

Inpatient services except as follows. If an Area Authority/County Programs wishes to earn SAPTBG funds through the provision of substance abuse inpatient services the Area Authority/County Programs must contact the Division to confirm this arrangement prior to implementation and comply with the following, Federal requirements:

1. the primary diagnosis of the individual is substance abuse and the physician certifies this fact;
2. the individual cannot be safely treated in a community-based non-hospital, residential treatment program;



abuse

3. the service can reasonably be expected to improve an individual's condition or level of functioning;
4. the hospital-based substance abuse program follows national standards of substance professional practice;
5. the daily rate of payment provided to the hospital for providing the services to the individual will not exceed the comparable daily rate provided for community-based, non-hospital, residential programs of treatment for substance abuse; and
6. funds may be expended for such services only to the extent that it is medically necessary, i.e., only for those days that the individual cannot be safely treated in a residential, community-based program.

- I. Programs receiving HIV Early Intervention Set-Aside funds are required to provide appropriate services as described in P.L. 102-321, and 45 CFR Part 96. 135, including the following services:

The term "early intervention services" with respect to HIV disease, means:

1. appropriate pretest counseling;
2. testing individuals with respect to such disease, including tests to confirm the presence of the disease, tests to diagnose the extent of the deficiency in the immune system, and tests to provide information on appropriate therapeutic measures for preventing and treating the deterioration of the immune system and for preventing and treating conditions arising from the disease;
3. test counseling; appropriate post
4. providing the therapeutic measures described above; and
5. Funds awarded under HIV Early Intervention Services grants are to be used for such services as "payer of last resort".

### **III. GENERAL FEDERAL REQUIREMENTS**

A. In accordance with the Drug-Free Workplace Act of 1988, 45 CFR Part 76, Subpart F, May 25, 1990, all programs funded in whole or in part with Federal funds shall provide a drug free workplace. Each Area Authority/County Program is required to submit a certification form to the Division by August 31, 1999 indicating such drug free workplaces.

B. In accordance with Section 1352 of Title XXXI of the United States Code, all programs funded in whole or in part with Federal funds shall certify,- they have not

and will not use Federal funds to pay for lobbying activities.

More detailed information regarding a signed lobbying certification form is available from the Budget Office as well as reporting forms to disclose lobbying activities supported with other funds.

- C. In accordance with Public Law 103-227, Part C-Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act), it is required that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$ 1,000 per day and/or the imposition of an administrative compliance order on the responsible entity.
- D. In accordance with 45 CFR Part 76, Area Authority/County Programs shall comply with the clause titled " Certification Regarding Disablement, Suspension, Ineligibility and Voluntary Exclusion-Lower Tiered Covered Transactions" in all lower tiered covered transactions (i.e., transactions with sub-grantees and/or contractors) and in all solicitations for lower tier covered transactions.
- E. In accordance with Section 212 of P.L. 102-170, Mental Health and SAPTBG funds may not be utilized to pay the portion of any salary above \$125,000.

**(The following apply to Substance Abuse funds only)**

- F. Pursuant to Section 511 of P.L. 102-170, when issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with Federal funds, the Area Authority/County Programs and/or contract service provider shall clearly state (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or programs that will be financed with non-governmental sources.

**IV. SUBSTANCE ABUSE PUBLIC PRIVATE PARTNERSHIP (PPP)**

NOTE: PPP requirements cover both State funding initiatives and any related Federal requirement.

These requirements are set forth in the " Summary of Significant federal Funding Requirements" for the convenience of summarizing material in one place. Refer to Section II, H. of this document for additional requirements are related to the use of SAPTBG for inpatient services.

- A. Programs are to use all PPP funds (continuation and expansion) to purchase 24-hour services from licensed not-for-profit or for-profit providers for services provided in the State of North Carolina.
- B. Programs shall assure a maintenance of effort of the conditions for original approval of PPP plans submitted and approved by the Division and for receipt of federal matching moneys to provide crisis stabilization services to the target populations of the difficult to manage, dangerous, and aggressive individuals and the medically fragile individual.
- C. PPP continuation funds shall not be utilized for area-operated programs.
- D. Payments to contract service providers for daily services may not exceed the amount of the provider's facility's Medicaid rate unless the physician's fees are negotiated through a separate arrangement. In the latter case the allowable rates for direct services may not exceed the physician's levels of payment as established in the Medicaid Fee Schedule and may be paid only for direct services to patients admitted to the hospital under the PPP initiative (other service charges not included in the Medicaid rate cannot be paid with PPP funds).
- E. If there is no provider facility Medicaid rate, payment may not exceed the SFY 1999 - 00 statewide rate for the type of service at the level of the 75th percentile.

NOTE: If, due to extenuating circumstances, the above noted rates are inadequate to negotiate a purchase of service contract, you may request an exception from the Division. This must be requested in advance of negotiating a contract rate and will be addressed on a case-by-case basis.

- F. A year-end report will be required to be submitted according to an approved state format for expenditures of all PPP funds. On the basis this report, the Division may request the reallocation of PPP funds in order to prevent the reversion of such funds in subsequent years.
- G. Year-end settlements with all Area Authority/County Programs will be on actual payments.

**V. ADULT MH/ FEDERAL REQUIREMENTS FOR SPECIFIC TYPES OF FEDERAL FUNDS.**

**A. Programs of Assistance in Transition from Homelessness (PATH) (Applies to Child PATH funds also.)**

For programs that receive Federal homeless services PATH funding, the amount should be listed as Special Categorical UCR under the requirement that states:  
" Comply with the requirements of PL 10 1 -645 and procedures required for reporting, earning and expending any of the following funds which have been allocated to the Authority during the period covered by this Memorandum of Agreement."

**B. Shelter Plus Care**

For programs that have Shelter Plus Care the following wording should be used:  
"Continue to operate the Shelter Plus Care rental Assistance program according to HUD regulations (24 CFR 582) and Division policies."

**C. HUD 811 Facilities**

Each Area Authority/County Program that has received an allocation of funds for the operation of HUD 811 facilities shall continue to operate the facility or facilities in accordance with Federal regulations at 24 CFR Part 891 and in accordance with Division Policy.

**D. Mental Health Block Grant Requirements:  
Section 1913 (c) Criteria for Mental Health Centers**

1. With respect to mental health services, the centers provide services as follows:
  - a. Services principally to individuals residing in a defined geographic area
  - b. Outpatient services, including specialized outpatient services for children, the elderly, individuals with a serious mental illness, and residents of the service areas of the centers who have been discharged from inpatient treatment at a mental health facility
  - c. 24-hour-a-day emergency care services
  - d. Day treatment or other partial hospitalization services, or psychosocial rehabilitation services
  - e. Screening for patients being considered for admission to State mental health facilities to determine the appropriateness of such admission.
2. The mental health services of the centers are provided, within the limits of the capacities of the centers, to any individual residing or employed in the service area of the center regardless of ability to pay for such services.
3. The mental health services of the centers are available and accessible promptly, as appropriate and in a manner which preserves human dignity and assures continuity and high quality care.

**Section 1916.** MHBG funds shall not be expended:

1. to provide inpatient services;
2. to make cash payments to intended recipients of health services;
3. to purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment
4. to satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds; or
5. to provide financial assistance to any entity other than a public or nonprofit public entity.